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SUBJECT: WITH BOEING 787s DELAYED, OMAN AIR SEEKS OPTIONS; AIRBUS,
EMBRAER STATUS

CLASSIFIED BY: Gary A. Grappo, Ambassador; REASON: 1.4(B), (D)

11. (U) This message contains an Action Request. See para. 5.

12. (C) SUMMARY. In a February 24 meeting with the Ambassador, Oman Air Chairman (and Minister of National Economy) Ahmad bin Abdulnabi Macki outlined the airline's plans and challenges and appeared to seek USG assistance in dealing with a lack of aircraft. In particular, the delay in 787 deliveries has put a crimp in Oman Air's route expansion plans. Macki also discussed plans to acquire Airbus and Embraer aircraft. END SUMMARY.

13. (C) DELAYS. Macki reported that Oman Air had made a commitment to acquire six Boeing 787 aircraft with initial deliveries beginning in 2012. (Note: According to a September 23, 2007 press release, Oman signed a MOU with Kuwait lease and finance firm Alafco for six 787s to be delivered in 2012, 2014 and 2015, making Oman the second Gulf airline to lease the 787. End Note.) However, Boeing deliveries have since been delayed with the earliest deliveries now scheduled for 2015, and even that date may be in question, lamented Macki. Oman Air "can't wait."

14. (C) COMMITMENTS. Macki said Oman Air is in a bind because it had committed to extending its route structure based on the leases. It recently started service, for example, to London and Bangkok. It is currently flying these routes using old Airbus A310s and A330s leased from an Indian firm. It also committed to introducing service to Paris and Frankfurt, a commitment Macki said he now wishes he had not made. The plan was for the 787s to fly all these new routes eventually. Oman Air was expecting the delivery in 2010 of the last of five A330-200s, but these were not for the new routes. Therefore, the 787 delay had left a service "gap" between 2010 and 2015.

15. (C) "DISENGAGING." To help close this gap, Oman Air was now talking to Alafco about "disengaging" from the leases. Macki was looking for options, but claimed there were no good ones. (Action Request: Macki was casting about for solutions. If the Department can engage Boeing to assist either directly or through Alafco, something may be salvaged of this commitment. End Request.)

16. (C) OTHER PLANS. Aside from the foregoing problem, Macki said Oman Air was very pleased with its fleet of 12 Boeing 737s. The company was also looking to acquire regional commercial aircraft for use at smaller regional airports in the Gulf and the Indian coast. Oman Air had carefully considered similar Embraer and Bombardier offerings, coming down on the side of Embraer. According to Macki, Embraer was "more convenient" having two exit doors compared to Bombardier's one, etc. He also remarked that Embraer was "common" in the region, noting its use by Jordan and Saudi Arabia.

17. (C) THE SULTAN ON OMAN AIR EXPANSION. Macki explained that he was under direction from Sultan Qaboos to grow Oman Air slowly and prudently with his eye on the bottom line. He was not to "jump" into competition with Emirates Airlines or Gulf Air.
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